

APR 14 2005



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April 14, 2005

Department of the Interior
Minerals Management Service
381 Elden Street
Mail Stop 4024
Herndon, VA 20170-4817

ATTN: Rules Processing Team (Comments)

RE: Proposed Rule - Oil, Gas, and Sulphur Operations and Leasing in the Outer
Continental Shelf (OCS) – Cost Recovery.
RIN 1010 – AD16

Dear Sir or Madam:

The MMS has proposed two separate cost recovery initiatives: (i) a Proposed Rulemaking to establish new fixed fees as well as revisions to existing fees for services provided by the Minerals Management Service ("MMS") and (ii) an Advanced Notice of Proposed Rulemaking (ANPR) regarding additional cost recovery fees for future collection. EOG Resources, Inc. believes that revenues from bonuses, rents and production royalties along with the existing fee structure adequately compensates the MMS and the public for the services obtained by industry from the MMS in support of the ongoing Gulf of Mexico operational activities.

Certain of the fee increases contained in the Proposed Rulemaking (i.e. Suspensions of Operations and Production, 500 feet from Lease/Unit Line Production requests, Gas Cap Production Requests & Downhole Commingling Requests) significantly increase the fee structure related to development activities routinely conducted in the normal course of operations. The overwhelming majority of requests for Suspensions of Operations and Production, 500 feet from Lease/Unit Line Production requests, Gas Cap Production Requests & Downhole Commingling Requests will be submitted in conjunction with active leases in shallow waters (shelf). Any increase in costs serve to further degrade the economic metrics of shelf exploration and production activities already burdened adversely by decreasing reservoir size and increasing operational costs associated with mature producing basins.

Because many of the large independents and major oil companies have recently disposed of large producing property asset packages located on the shelf GOM, the current new

owners are often smaller entities. The fees proposed will significantly impact these smaller business entities and may dissuade them from conducting operations on currently active leases and from investing future capital to purchase and develop other producing properties. Development activity and future capital investments are both critical to slow the rate of production declines seen from the shelf GOM. Further, many of the requests to commingle zones, produce a gas cap along and requests for suspensions of production, are in association with economic decisions affecting end of productive life lease issues. Substantially increasing fees of this nature will negatively affect the decision matrix when considering further operations. Additional cost burdens that may potentially decrease the number of operations runs counter to the MMS obligation to protect our natural resources.

We respectfully request that the MMS withdraw these proposed regulations.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. J. Ritchie', written over a horizontal line.

E. J. Ritchie
Vice President and General Manager Offshore
EOG Resources, Inc